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August 18, 2005

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

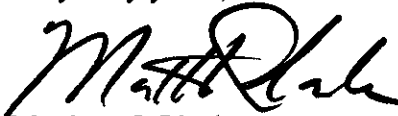
Re: *Ex Parte* Notice, Federal-State Joint Board on Universal Service;
CC Docket No. 96-45

Dear Secretary Dortch:

Pursuant to Section 1.1206 of the rules of the Federal Communications Commission ("FCC"), 47 CFR § 1.1206, this letter provides notice that Todd B. Lantor, Chief Regulatory Counsel of Nextel Partners, Inc. ("Nextel Partners"), along with Albert J. Catalano and Matthew J. Plache of Catalano & Plache, PLLC, counsel to Nextel Partners, met with Commissioner Michael J. Copps and Jessica Rosenworcel, Legal Advisor to Commissioner Copps, on August 17, 2005.

During the meeting, the attendees discussed a number of issues related to the Federal-State Joint Board on Universal Service proceeding regarding high-cost universal support mechanisms for rural carriers and the appropriate rural mechanism to succeed the existing five-year plan.¹ Nextel Partners noted its support for establishing a new Rural Task Force that would include representatives of both wireless and wireline Eligible Telecommunications Carriers (ETCs) as well Federal and State regulators, in order to reach a consensus on recommendations for the high-cost support rural mechanism. Included with this letter is an outline of the points discussed during the presentations.

Very truly yours,


Matthew J. Plache

Enclosure

CC: Commissioner Michael J. Copps
Jessica Rosenworcel

¹ See Public Notice, *Federal-State Joint Board on Universal Service Seeks Comment on Certain of the Commission's Rules Relating to High-Cost Universal Service Support*, CC Docket No. 96-45, FCC 04J-2 (rel. Aug 16, 2004).

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List A B C D E

An Overview of Nextel Partners

- **Nextel Partners was formed specifically to accelerate the build out of the Nextel system in the mid-sized and tertiary markets, including rural and historically underserved areas.**
- **Primary focus is on mid-sized and tertiary markets.**
- **Provider of advanced digital wireless communications services over industry leading nationwide network.**
- **Service territory includes 54 million POPs in 31 States.**
- **Over 1.8 million subscriber lines as of June 30, 2005.**
- **More than 4,000 cell sites and 41,000,000 covered POPs.**
- **2,860 employees.**

Benefits of the Relationship With Nextel

- Through Nextel Partners' efforts, the Nextel digital network has been built out in mid-sized and tertiary areas.
- Nextel Partners' customers have access to the same Nextel nationwide network, services and equipment that are available to citizens in the primary markets.
- Nextel Partners' customers receive seamless nationwide roaming at no additional charge to the customer.
- Nextel Partners has established strong ties with the public safety community to help meet the nation's emergency, public safety and national security needs.

Nextel Partners' Accomplishments

Subscriber Growth - 54%

- End of 1999: 46,100
- End of 2000: 227,400
- End of 2001: 515,900
- End of 2002: 877,800
- End of 2003: 1,233,200
- End of 2004: 1,602,400
- End of 2Q 2005: 1,805,100

Covered POPs

- 1999: 6,000,000
- 2000: 23,000,000
- 2001: 33,000,000
- 2002: 37,000,000
- 2003: 38,000,000
- 2004: 40,000,000
- 2Q 2005: 41,000,000

Nextel Partners' Accomplishments

Cumulative Cell Sites

- 1999: 530
- 2000: 1,537
- 2001: 2,788
- 2002: 3,317
- 2003: 3,606
- 2004: 4,084
- 2Q 2005: 4,348

Service Revenues

- 1999: \$28,100,000
- 2000: \$130,100,000
- 2001: \$363,600,000
- 2002: \$646,200,000
- 2003: \$964,386,000
- 2004: \$1,291,352,000
- 2Q 2005: \$1,650,000,000

Nextel Partners' ETC Status

FCC Designations

- Alabama
- Florida
- Georgia
- New York
- Pennsylvania
- Tennessee
- Virginia

State Designations

- Arkansas
- Hawaii
- Iowa
- Indiana
- Kentucky
- Louisiana
- Mississippi
- Wisconsin

Benefits of Wireless ETCs

- Helps to facilitate building wireless system
- Same service that is available in urban areas
- Provides mobility to the customer
- Encourages economic development
- Expanded local calling areas
- Reduced rate or flat-rated long distance
- E911 and GPS location-based services

High Cost Support Proceeding

- Challenge is to develop methodologies for access to USF support that are consistent with Congress' goals and that neither deplete the Fund nor overly burden those paying into the Fund.
- Numerous proposals as to methodology (Western Wireless, Rural LECs, Nextel, CTIA, OPASTCO, NTCA, Iowa Telecom).
- Wide divisions separating the commenters.

Western Wireless Proposal

- Support payments should be based on forward looking costs rather than embedded costs
- Support payments for all carriers should reflect the “least cost technology”
- This will encourage all carriers to deliver service more efficiently
- Rate of Return regulation for computing support should be eliminated

CTIA Proposal

- Current support model is inefficient and encourages spending without corresponding benefits and service enhancement for customers
- LECs with >50,000 lines in a state (or 2.5 million nationally) moved to FLEC in 2006
- LECs with < 50,000 lines would stay on embedded costs but would combine study areas in state
- Freeze on growth in high-cost support
- Long term: unified FLEC mechanism for all

OPASTCO Proposal

- Supports existing embedded cost methodology for LECs
- Suggests wireless CETCs should be supported based on own embedded costs
- Phase-in separate support for CETCs based on percentage of support to incumbent

TDS Proposal

- Supports existing embedded cost methodology for LECs
- Claims FLEC models would be too complex
- Suggests wireless CETCs should be supported based on own costs

Nextel Communications Proposal

- Migrate to FLEC methodology by July 2006
- Smaller LECs to take longer
- Direct-to-customer subsidy
- Customer uses subsidy to pay LEC or CETC
- Reduction in recovery of corporate operations costs

Verizon Comments

- Current program is too expensive
- Transition all larger carriers (>100K lines) to non-rural support
- Limit number of carriers eligible to serve rural areas
- Freeze per-line support

NTCA Comments

- Retain existing support plans for LECs
- Support CETCs up to actual costs
- Include corporate operations expenses
- Retain local switching support

Iowa Telecom

- Rural LECs should be allowed to opt-out of embedded cost model in favor of FLEC
- Elections on a study area basis

Creation of Rural Task Force

- New Rural Task Force to reach a consensus on recommendations for High Cost support methodologies and policies
- Representatives from wireline, wireless, states and federal government
- Members with expertise in economic, engineering, technical and policy matters

Rural Task Force Mission

- Undertake comprehensive analysis of all available methodologies
- All issues and proposals would be considered
- Consensus could involve aspects of different proposals
- Make consensus proposals to Joint Board and FCC

Rural Task Force Guiding Principles

- Focus needs to be on the customers
- Citizens living in rural areas should have access to the same services available in urban areas, at substantially same prices
- Support methodologies should be competitively neutral
- Consumer choice
- Recognize importance of mobility in rural areas, including public safety components
- Facilitate buildout of wireless networks
- Manage growth of Fund on long term basis